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16 February 1979

MEMORANDUM

SUBJECT: Regional Impact of Iranian Revolution; the Smaller States

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The unfinished revolution in Iran has already had a major impact on Persian Gulf governments, and its ultimate consequences are still to be felt. Regionally, it has disrupted the power balance among the three principal Gulf powers--Iran, Saudi Arabia, and Iraq--and dislocated the unofficial security system in effect since the withdrawal of British forces in 1971. It is not yet clear what arrangement will take the place of the US's two-pillar policy, but it is clear that Saudi Arabia, alone, cannot take up the slack.

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--The US will be expected to help ensure a conservative political climate in the Gulf, but unobtrusively so as to deny ammunition to Arab radicals; []

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--Area leaders will show stronger interest in security cooperation and closer consultation among themselves in recognition that their fates are linked. []

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How the smaller states ultimately adjust to the new uncertainties will be influenced by their regional political objectives, and by their perception of what threatens them most. []

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Ideally, the small states want a Gulf free from big-power presence and rivalry, a balance of power among the larger Gulf states, and a conservative political climate that depends locally on Saudi Arabia and internationally on the United States. These views derive from the smaller states' weak position relative to larger neighbors, their monarchical form of government, and their fear of leftist subversion. []

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As is typical of weak governments, the smaller states can be expected to maximize their political options and avoid angering powerful neighbors, especially by bilateral alliances. []

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